

CITY OF HARRIMAN TENNESSEE

ANALYSIS OF THE NEED FOR A CITY MANAGER

I. Introduction.

There are 348 cities in Tennessee. There are approximately 75 to 80 cities with a city manager or administrator. Locally, Kingston (pop. 4700) has a city manager. Harriman which has a population of 8,000 has no city manager. Meanwhile, comparable cities in population such as Crossville, LaFollette, Clinton and Dayton all have either a city administrator or manager. Crossville and Dayton have been designated three star communities by the Governor. Clinton and LaFollette have experienced many commercial and industrial changes during the past decade. The need for a city administrator can perhaps best be seen by looking at problems that are frequently found in cities that do not have professional management as well as the size and complexity of cities.

II. Problems Frequently Found in Cities without Professional Management. These are problems that MTAS frequently see in cities, larger and smaller than Harriman that do not have a city manager:

- C Cities frequently lose from \$300,000 to \$400,000 annually to neighboring local governments in local sales taxes that are being erroneously distributed by the Tennessee Department of Revenue. In one city \$350,000 was being lost annually, and the city could only recover lost revenue for the most recent 12 months. In another city \$332,000 in lost sales taxes were going to neighboring jurisdictions. In both cities this situation had been going on for years and represented a financial drain of millions of dollars.
- C Sometimes MTAS doesn't see city boards getting accurate information on which to base decisions. MTAS has seen small cities being advised that they need to build another fire station, hire additional personnel, and purchase additional equipment in order to maintain the city's ISO rating. Cities without a manager are often not told that purchasing a combination ladder-pumper truck extends fire protection coverage from a 1.5 mile radius to 2.5 miles. For a city to receive the maximum points on an ISO classification, it must provide fire protection to 90% of its population. A city can spend \$340,000 in a one time capital purchase and maintain 90% coverage, or it can buy land for \$100,000; construct an additional fire station for \$300,000; purchase a pumper truck for \$280,000; and spend \$210,000 for six additional firemen and fringe benefits that represents an annual expenditure that is likely to increase every year to provide the same coverage. In other words a city can spend \$550,000 more to accomplish the same objective—and many cities do it without thinking seriously about the added cost.
- C MTAS doesn't usually find viable employee safety programs that work effectively to reduce the cost of very expensive worker's compensation claims. In most small cities, the insurance carrier tells the city how much the expense is, and the city then determines how it is going to pay the added cost. Professional management can save thousands of

dollars in this area alone.

- C Frequently MTAS sees cities where personnel procedures and practices expose the city to serious liability problems. It is not uncommon to find personnel records scattered in various departments with un-trained city employees distributing confidential personnel information in violation of Federal laws. Some cities have paid damages for such practices.
- C Cities without professional management rarely are effective in maximizing the use of Federal and State funds to deal with city problems.
- C MTAS has seen instances in which cities have spent significant amounts of money for debt issuance without even realizing it. One Middle Tennessee city recently spent \$200,000 in issuance cost to finance a capital obligation that could have been issued through the TML Bond fund for \$40,000. That is a difference of \$160,000 and when financed the issuance cost is more than \$320,000.
- C MTAS has seen cities spend as much as \$100 per ton just to collect the resident's garbage.

There are other examples of problems common to cities without professional management. And what is really amazing is that many of the cities with problems similar to the issues described above say they cannot afford to pay a city administrator. If a city pays a city administrator \$60,000 annually, how many of these kind of problems would the administrator need to correct in order to pay his salary. The truth is that a city manager will save a city money rather than costing the city money, even if the city pays the administrator a decent salary. One city administrator recovered \$332,000 in local sales taxes that were erroneously distributed to other jurisdictions and added that much every year to city coffers. This city also had an industrial building that was constructed in the 1930's and was costing the city \$250,000 to \$500,000 annually in repairs—roof replacement, correcting OSHA violations, new elevators, etc. It was a real drain on the city, and the administrator was able to locate a cut and sew operation in it and sell the building to a private individual who granted a long term lease to the manufacturer. Would you say that this city couldn't afford to pay the city administrator \$60,000 plus \$24,000 in fringe benefits? These are the kinds of things that cities deal with every day that need full-time attention.

III. Size and Complexity. Below is a listing of cities in Tennessee with city managers/administrators. Many cities are similar in population. Today the city deals with issues that weren't even heard of 50 or 100 years ago. Harriman's form of government is outdated. It needs to be updated to deal with issues such as growth and development—impact and development fees, employee safety, insurance—liability, health, dental, and life, worker's compensation, emergency services, finance, recreation, animal control, sexual harassment, and utilities and other urban services. Harriman can get by without an administrator. Many cities do, but they generally waste money they don't even know they are wasting, and they are not operated as efficiently and effectively as they should.

Coordination is a staffing arrangement. It is rarely ever achieved effectively through board representation alone. The eight or nine city departments need a professional manager to coordinate their activities with one another—coordination is not automatic and does not take place without proper organization and effort. Why is it necessary to coordinate city departments? It is true that they do different things. It is also true that they often perform many of the same kinds of activities, and they depend on one another for support and information. Both police and fire are dependent on dispatch communications. Fire equipment is commonly dispatched to automobile accidents. The recreation department mows grass and so does the street or public works department. All departments are required to comply with safety rules and notify and train employees concerning the presence and effect of hazardous materials. Avoiding employee injuries is common to most departments. It is important for the public works department to know that the finance department will be paying a large bond payment in two or three months and that a paving project must be delayed. It may be that cash reserves are tight because property taxes are received later in the year. It may well be that streets are closed, and the police and fire departments should be made aware of the closure. The water department may shut down the distribution system for four hours to repair pumps. An administrator can improve coordination through regular and special staff meetings and other forms of communication.

A City Manager will give the Board better control over the administration of policies, because accountability is more centralized.

The use of work sessions rather than individual committees allow all board members to be more directly involved in finance, safety, streets and sanitation. The administrative structure of a city manager form of government allows all Board members equal involvement.

A City Manager provides a central contact point for the citizen in resolving complaints.

The City Attorney's role and cost is minimized with a City Manager. Many small cities that say they cannot afford a city administrator often pay a city attorney \$80 to \$100 per hour to handle many problems that could easily be handled by a city administrator making considerably less in salary.

A City Manager provides for more effective use of State and Federal grants in providing and paying for city services. A full-time professional manager who has the time to attend meetings and interact frequently with other agencies is more likely to be knowledgeable about the availability of State and Federal grant programs.

It should be clear that the City of Harriman should hire a city manager to manage the everyday operation of city government. Even though a city manager's salary would be an addition to the budget, it is very likely that revenues will increase or expenses will be saved that will more than pay for this added cost. Some professional administrators offer to work for no salary and only receive a percent of monies saved. A good administrator will save the city money.

IV. Recommendation.

- C **The city board should authorize the employment of a city manager** who would have the authority to supervise all city departments and employees and make recommendations to the Board on issues and problems that may affect the city. Current ordinances and the city's charter should be examined for applicability.

- C **The City Manager should be given the right to hire and fire city employees.** His actions concerning employee actions would be under the general supervision of the city board which would still have the authority to hold the city manager accountable for fairness in personnel administration. Some cities are reluctant to grant such authority, even though it usually means that a city manager will hire better qualified employees and be more effective in supervising and coordinating city services. The city manager should be evaluated periodically to assess leadership, effectiveness in communication with the board, effectiveness in keeping the board informed about city issues and problems, effectiveness in working with department heads and other city employees and boards and commissions, ability to deal with the general public, and effectiveness in carrying out the board's policies.

- C **Qualifications for a city manager should be established such that the city can employ a professional administrator who can really help the city.** A higher salary for the right administrator might represent a savings over the long term.

- C **The city board should, prior to employing the city manager, determine specifically what it wants the manager to do.** The board should concentrate on goals for the city and not concern itself with refereeing squabbles in the police or fire departments. In other words the board should determine what needs to be done and require the City Manager to determine "how" the goals are to be implemented. The board would exercise general supervision over implementation.

- C **The city board should, if it is not already conducting such meetings, utilize a monthly work session a "committee of the whole."** Every board member would then serve on the same committee. Problems and issues would be worked out at work sessions before being formally voted on at city board meetings.

MTAS believes that **implementation of these recommendations will focus board attention on broad policies, improve decision making by providing updated and accurate information to the board, and improve the efficiency of city government administration.**

Comparison of governmental forms by the characteristics (not in priority order) identified by previous experiences

<u>POINT</u>	<u>CITY MGR.</u>	<u>MAYOR</u>	<u>COMMISSION</u>
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Discussion points

1) Professional experience	yes	maybe	no
2) Full Time Management	yes	yes	no
3) Continuity of admin after change in elected officials	yes	no	no
4) Organizational cohesion	yes	probably	no
5) Politically Neutral Admin	yes	no	no
6) Hands on knowledge	yes	maybe	no
7) Business- oriented	yes	maybe	maybe
8) Objective personnel mgt.	Yes	maybe	maybe
9) One-person chain of command	yes	yes	no
10) Good financial mgt.	Yes	maybe	no
11) Total picture perspective	yes	yes	no
12) Project professional business Image	Yes	yes	maybe
13) Alert to city's interest at Local, state and federal level	yes	in time	in time
14) Allow council to focus on MACRO versus MICRO	yes	yes	no
15) Broadens Council representation	yes	yes	no
16) Responsive to legislative Direction	Yes	yes & no	yes & no
17) Able to change mgt. on Short notice	yes	no	no
Directory of Tennessee City Management Association			

<u>City</u>	<u>Population</u>	<u>Position</u>
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Loudon		CM
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Tullahoma	CA	
South Fulton	CM	
Oak Ridge	CM	
Dickson	CA	
Soddy-Daisy	CM	
Maryville	ACM	
Norris	CM	
Sparta	CA	
Dandridge	CA	
Oliver Springs	CA	
Smyrna	TM	
Kingston Springs	CM	
Elizabethton	CM	
Winchester	CA	
Red Bank	CM	
Fairview	CM	
Collierville	CM	
Lakesite	CM	
Columbia	CM	
Kingsport	CM	
Lewisburg	CM	
Murfreesboro		CM
Alcoa	CM	
Lawrenceburg		CM
Clifton	CM	
Maryville	CM	
Waverly	CM	
Paris	CM	
Lenoir City	CA	
Millersville	CM	
Franklin	CM	
Jefferson City	CM	
Clinton	CM	
Morristown	CM	
South Pittsburg	CA	
Germantown	CM	
Collierville	CA	
Ashland City	CA	
East Ridge	CM	
Crossville	CM	
Gallatin	CM	
Farragut	TA	
Johnson City	CM	
LaVergne	CM	
Belle Meade	CM	
Bolivar	CA	
Dover	CA	

Cookeville	CM
Etowah	CM
McMinnville	CA
Elizabethton	CM
Manchester	CA
Pigeon Forge	CM
Goodlettsville	CM
Union City	CM
Savannah	CM
Sevierville	CA
Brentwood	CM
Mount Carmel	TA
Fayetteville	CA
Dayton	CM
Cleveland	CM
Spring Hill	CA

POPULATION GROUP IV (4,000-7,999)

Fairview	4,886
Fayetteville	7,349
Forest Hills	4,231
Hohenwald	4,113
Millersville	5,118
Mount Pleasant	4,278
Sparta	4,681
Winchester	6,687

Source: MTAS Salary Survey, 1999.

CITIES UNDER 4,000 POPULATION WITH PROFESSIONAL MANAGEMENT

<u>City</u>	<u>Population</u>	<u>Position</u>
Algood	2,868	City Manager (CM)
Ashland City	3,330	CA
Baneberry	325	CM
Bell Meade	2,839	CM
Town of Brighton	1,627	CM
Byrdstown	998	CA
Calhoun	552	CM
Carthage	2,476	F.T. Mayor
Chapel Hill	1,003	CM
Charleston	653	CM
Clifton	2,763	CM
Collinwood	1,014	CM

Cornersville	880	CM
Cross Plains	1,403	CM
Dandridge	2,012	CA
Dover	1,341	CA (conferred all authority of CM)
Ethridge	565	CM
Etowah	3,815	CM (home rule)
Gatlinburg	3,417	CM
Jonesborough	3,513	CA
Kingston Springs	2,694	CM
Lakeside	1,551	CM
Lakewood	2,009	CM
Loretto	1,667	CM
Madisonville	3,880	CA
Maynardville	1,596	CM
Middleton	611	CA
Moscow	472	CA
Mountain City	2,278	CM
Norris	1,303	CM
Oliver Springs	3,433	CA
Orlinda	521	CM
Parker's Crossroads	242	CM
Pittman Center	478	CM
Ramer	337	CM
Rockford	721	CM
Smithville	3,853	Treasurer (designated CEO)
South Fulton	2,688	CM
Spring City	2,199	CM
St. Joseph	845	CM
Tazwell	2,150	CA
Tennessee Ridge	1,271	CMi
Trimble	766	CM
Watauga	389	CM
Waynesboro	2,371	CM
Whitwell	1,622	CM (home rule)
Williston	427	CM

Source: MTAS City Officials Directory, 2000.